

Memorandum

130.0260

To: Santa Rosa – Auditing

Date: September 30, 1959

From: Headquarters – Sales Tax Counsel

Subject: [X]

This is in reply to your inquiry of August 26 enclosing a copy of an inquiry from the Eureka office.

It is our opinion that a successor is entitled to take a bad debt deduction on account of sales made by a predecessor, assuming, of course, that all of the other conditions for taking the deduction are complied with.

As you state, it would be assumed that full consideration was paid for the accounts receivable at the time the successor acquired the business.

Note the provisions of revised Ruling 61 relative to the amendment to the law, effective September 18, 1959.

E. H. Stetson

EHS:tl